



# STATE OF IOWA

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DEPARTMENT OF HUMAN SERVICES  
KEVIN W. CONCANNON, DIRECTOR

## INFORMATIONAL LETTER NO. 714

**TO:** Iowa Medicaid Physician Psychiatrists, Psychologists, and Community Mental Health Providers

**ISSUED BY:** Iowa Department of Human Services, Iowa Medicaid Enterprise

**SUBJECT:** Use of the “U4” Modifier for MR Testing and Pre-Procedure Psychological Evaluation

**DATE:** May 22, 2008

### **MR Testing**

Iowa Medicaid Enterprise (IME) pays for Medicaid members to have psychological testing when such testing is needed to determine eligibility for Iowa Medicaid HCBS Mental Retardation (MR) waiver services. If the patient is not Medicaid eligible at the time that services are rendered, the patient and/or guardian must be advised that they may be liable for the charges if the patient is determined to not be Medicaid eligible.

To bill for a patient determined to be Iowa Medicaid eligible, a special “U4” modifier must be used in conjunction with the Current Procedural Terminology (CPT) code. It is important to note that IME *will* pay for the testing and/or evaluation even if it results in a diagnosis other than mental retardation. These services *should not* be billed to Magellan if the intent is to diagnose mental retardation.

Valid CPT codes for billing for this psychological testing and/or evaluation are as follows:

CPT Codes	1 Unit =
96101, 96102, 96105, 96116	1 hour
96103, 96110, 96111	1 encounter

### **Required Pre-Procedure Evaluations**

Iowa Medicaid also pays for psychological evaluations required as part of pre-procedure review for major medical procedures such as organ transplants and gastric bypass surgeries. The “U4” modifier must be used to indicate the psychological evaluation was a requirement of the State.

Valid CPT codes for billing psychological evaluations are as follows:

CPT Codes	1 Unit =
90801 & 90802	1 encounter

The IME appreciates your partnership as we work together to serve the needs of Iowa Medicaid members. If you have any questions, please contact IME Provider Services at 1-800-338-7909, locally 515-725-1004 or by e-mailing [IMEProviderServices@dhs.state.ia.us](mailto:IMEProviderServices@dhs.state.ia.us).

*Please also refer to the “frequently asked questions” on the back of this letter.*

# **“U4” Modifier FAQ**

**Q1:** What if the service is performed in anticipation that the member will become Medicaid eligible, however the diagnosis results in the patient being denied Medicaid eligibility? Who will pay for the testing or evaluation that I provided?

**A1:** *If the patient is determined to not be Medicaid eligible for the date of service, the patient is responsible for paying the bill.*

**Q2:** What if I am evaluating a person that is eligible for Magellan for the purpose of determining if there is a mental illness and the diagnosis turns out to be mental retardation? Will I bill IME for this service?

**A2:** *No. If the intent of the testing or evaluation is to diagnose or treat a mental illness, Magellan should be billed.*

**Q3:** So what if we are testing the patient anticipating that the diagnosis will be MR, however no MR diagnosis is found? Who will pay the bill?

**A3:** *If the patient is Medicaid eligible for the date of service, you will bill IME using a payable CPT code (96101-96103, 96105, 96110-96111, or 96116) and the “U4” modifier.*

**Q4:** Is the “U4” modifier only valid when billing for MR waiver testing and evaluations?

**A4:** *No. There are a handful of other situations when the “U4” modifier would be appropriate. The “U4” modifier means that the service that is being billed is required by the State for the purpose of determining eligibility for:*

- Medicaid coverage*
- Waiver or case management services*
- Review for approval for a major medical procedure. (Example: Organ transplant, gastric bypass)*